

Corrective actions were recommended over five months ago for the Workforce Development Department, but the management practices that lead to the CIETC scandal continue. The following corrective actions are taken from the “Executive Summary, Investigation Related To Improprieties Concerning CIETC, Section 2: Recommendations, April 2006.” The entire summary is part of the attachments. The items related to hiring, promotion, and work rules are not resolved. It is important to understand the exasperation many employees feel.

3. **Establish procedures for the P-5 process:** *The process for justification of the filling of positions needs to be reduced to writing and closely monitored. The process needs to be transparent to reduce the complaints and speculations of favoritism and inconsistency. Lack of cooperation and distrust between the Human Resources and financial staff is apparent, even though they are part of the same division. Human Resources and financial staff need to work through their division administrator and not around him or her. In turn, the Division Administrator needs to develop a rapport with staff persons and lead the teams, and address issues when they are raised.*

5. **Merit Resources:** *The use of Merit Resources for staffing needs to be closely scrutinized. In less than routine circumstances where additional staff is needed for a finite amount of time, Merit Resources is a valuable resource. In situations where staff is needed quickly, temporary unauthorized positions can be established on the payroll, giving the department time to work through the hiring process. IWD should work with DAS-HRE to develop criteria to use to determine the appropriate use of Merit Resources. A review of all current Merit Resources positions should be conducted, to determine if State positions are more appropriate for the positions.*

7. **Pay Increases:** *A quick review of a few personnel files revealed that IWD is granting pay increases to non-contract covered employees with no evaluations having been completed. This is not in accordance with State policy.* This practice needs to be discontinued. A more thorough review should be performed to determine the extent of the issue.

8. **Payroll Approval:** We found an instance where an employee was allowed to approve timesheets in HRIS, including her own time sheet, by logging in as the Deputy Director. IWD should review appropriate payroll procedures with managers and supervisors and review that authorized approvers are following procedures.

11. **Retention Bonuses:** There were two recent instances identified where employees who had no other job offer and no intention of leaving were given retention bonuses. The employees are Mike Wilkinson and Paula Nissen. Wilkinson received \$5000, and Nissen received \$10,510.40. More internal controls need to be developed within IWD to insure these types of actions do not occur.

12. **Special Pay:** *Belding, Nissen, Gannon, and Augustus have all received multiple special pay actions as identified in the Summary of Findings. In the cases of Belding [now Wicks] and Augustus, special pay had been denied on at least one occasion for each as the pay was not warranted; then following the reassignment of a new Personnel Officer, the special pay actions were resumed. DAS-HRE reviews, not approves, these actions. More internal controls need to be developed within IWD to insure these types of actions do not continue.* The Special Pay actions that are currently in effect should be carefully reviewed to determine if the actions are justified and well documented.

13. **IWD Human Resources staff:** *The role of the IWD human resources professionals and their relationship to DAS-HRE regarding the handling of personnel issues and practices needs to be examined.*

15. **Cliff Fairchild:** An investigative interview was held with Fairchild as initially it was not known whether Fairchild engaged in misconduct. While there was no finding of misconduct, Fairchild clearly had a unique relationship with the Deputy Director that allowed him to work outside of the guidance of his supervisor. Fairchild should be instructed that as a result of the investigation, no disciplinary action should be taken. *He should be reminded that he is expected to report through the internal chain of command not only to safeguard the system, but to protect him from getting pulled into these types of situations.*

The following is an effort to explain how the administrative rules governing the organization of the Department are being ignored and how that plays into favoritism in the hiring process. A number of employees are troubled by the effort to "reorganize" the Department without first addressing some serious personnel issues. The evaluation on the condition of the Department's employment practices reflects the sentiments of a number of employees. Efforts to work with the Administration have proven futile.

Article from IWDForum.Org on 10/6/2006 – Items in parenthesis are added since written to clarify remarks.

The following material is an independent evaluation of the status of working conditions at Iowa Workforce Development. It is meant as a reminder that Iowa Workforce Development has yet to take the necessary steps to correct problems within the Department. Every effort has been made to keep things objective and factual.

#### **Spirit of Administrative Rules Ignored.**

The administration is now calling recent announced personnel actions "*reorganization*". The administrative rules of the Department clearly describe the organizational structure of the Department and clearly describe the procedure of modifying the rules.

1. To the knowledge of staff, there is no written plan describing the reorganization, and there is no corresponding organizational chart showing the hierarchy being put in place as of 10/6/2006. There was no opportunity for employee or public input into the reorganization. According to administrative procedures, the reorganization must go before public scrutiny for comment. It is impossible in the absence of a posted written organization plan to provide public comment. See chapters 42 and 43 regarding waiving of rules and adopting new rules.
2. The actions to date affect the unemployment insurance benefits units (claims case Bureau), the human resource unit (employee services bureau), information technology unit (application / programming), and the policy and information unit (Research & Information System Division). In addition, a bureau of communications has been created. (Current rules have that role as part of Planning & Information Services in the Customer and Administrative Services Division.)
3. According to Chapter 10 of the administrative rules, the information technology units, which include the Information Management Bureau and the Applications/Programming Bureau, are part of the Research and Information Services Division. Since 2003, the information technology units have been improperly assigned to the Customer and Administrative Services Division and subservient to the Bureau Chief of Financial Management.
4. According to Chapter 10 of the administrative rules, the Labor Market Information Bureau, the Employment Statistics Bureau, the Actuarial Research Bureau and the Planning and Development Bureau are part of the Research and Information Services Division. (They are to be moved to Workforce Development Center Administration Division on 11-3-2006.) See attachments 2 and 3.
5. A portion of the Planning and Development Bureau had been improperly deployed as part of the Division of Workforce Development Center Administration since 2003, or earlier. (The employees performing laborshed activities were moved and have been in favored status. They were given Executive Officer classifications at the highest step of their pay grade, retention bonuses, and special pay during the Barto leadership period.)
6. The oral reorganization announced that members of the actuarial unit are being assigned to the Customer and Administrative Services Division, which the administrative rules do not allow. (The rules indicate the unit is to be part of Research and Information Services Division.)
7. The reorganization now has the portion of the Planning and Development Bureau returning to the Research and Information Services Division. (The laborshed unit which includes two EO positions. Currently, these positions are not allowed under the Planning and Development Bureau.)
8. A new Communications Bureau has been announced. According to chapter 2 of the Administrative rules, the tasks to be performed by the new Communications Bureau are the role of Public Relations and Marketing Bureau, which is part of the Customer and Administrative Services Division. In the absence of an organizational chart, it is unclear to whom the new Communications Bureau reports.

The reorganization has caused the termination or demotion of administrative office employees. In most cases, the stated objective was cost savings or dissatisfaction with the incumbent employee. The positions vacated by the demoted employees are being filled, and new positions are being created based on the salary savings of terminated employees. The additional expenses for filling vacancies and new hires would seem at odds with the term cost savings. (The true motivation appears to be to get those in favored status good positions in advance of the new Governor.)

#### **Hiring and promotion practices indicate cronyism is not abated.**

The personnel practices in recruitment, selection, and hiring individuals for promotional opportunities does not to appear to have changed.

1. The recent hiring of the Communication Director / Bureau Chief indicates that favoritism is still present. The individual hired was an associate of Jane Barto when they were employed by the Department of Economic Development. The individual was initially a contract employee of the Department. Merit Resources was the service providing the payroll. Jane Barto made the selection. (See Attachment Koonce Testimony)
2. The position of the Communications Director was not posted until mid-August 2006. The individual that received the promotion was not eligible to apply for the Communications Director position until completing a probationary period for the state merit system position granted in February of 2006 by Jane Barto. The probationary period

- was completed in late August 2006.
3. The position was posted for three business days in late August on the DAS web site, and those three days were Thursday through Monday. Two IWD employees applied for the position and interviewed for the position. The position description did not specify that the position would be performing the legislative liaison role. This addition to the duties came up in the interview process.
  4. The individual not hired was unaware that the responsibilities included the legislative liaison role though the individual has experience presenting labor market information to legislators and decision makers. The appointment went to the pre-selection despite the excellent qualifications of the long term employee of the Department. (The individual not hired was a female minority with a master's degree.)

Line staff in affected units, where managers have been demoted, are suspicious of leadership. Qualified individuals refrained from applying for the Information Technology Administrator position; vacated by a demotion, feeling the administration already knew who they wanted. (Or who they did not want.)

**Enforcing work rules and hostility in the workplace remain issues.**

Hostility in the workplace through the inappropriate use of e-mail is allowed to occur. Hostile e-mails take two primary forms. One form of hostility is the blatant use of strong terms to describe dissatisfaction with the work or position of another employee. The second form, more transparent, but just as insidious are the e-mails that copy the Director, the Deputy Director, and Supervisor about routine agency activities. On occasion, e-mails include both forms. This is inappropriate behavior and is occurring without reprimand.

1. Efforts to address this problem have been approached by staff with management. Meetings were held with individual bureaus and the Director's staff upon his interim appointment. At least one individual raised the issue of the hostility caused by inappropriate use of e-mail. Knowledge of the practice is well known.
2. One individual recently sent e-mails to staff members in another bureau to respond to information request received by that individual. The individual sending the e-mail copied the Director, Deputy Director and the individual's Supervisor. The appearance is that the individual sending the e-mail does not trust the e-mail receiver to perform the request to that individual's satisfaction. It appears the individual desires to denigrate the work of others for personal gain by bringing it to the attention of top officials. (A member of the laborshed unit.)
3. The receivers of the e-mails protested this behavior to the individual's supervisor without any success to date. The individual either did not receive corrective action by the supervisor or the supervisor's instructions to stop the acts are ignored. (On 10/10/2006 all employees received an e-mail about e-mail and internet usage policy. Since then, these receivers of the e-mails are not aware of copies going to their supervisors.)

**Failure to enforce work rules uniformly continues.**

1. The testimony collected from employees involved in the events leading up to the firing of Richard Running and Jane Barto was filled with examples of employees being allowed to act independently of the work rules.
2. The behavior of the employees in favor with Jane Barto has changed little. It was necessary for the Interim I.T. Administrator to tell an individual to observe the chain of command after two recent instances of excessive time in the Director's area. The testimony material indicates this individual was informed after the events of March to observe procedures and follow the chain of command. (See Recommendation 15)
3. Supporting Economic Development is an increasing focus for state agencies. The information collected by the Department often can be helpful for economic development purposes. What will not be helpful is to use the data improperly or in a manner not consistent with standard statistical practices. There recently was an example of allowing material to be developed that distorted wage data by over estimating employment and wages in a geographic area. The data was for material to be used by an economic development group. The Director's area was informed, but ignored concern over the materials content. (The laborshed unit)

**Recouping funds for improper salary payments has not occurred.**

DAS reported that retention bonuses and classification upgrades given to a select few IWD employees were unwarranted. Nothing has been done to obtain the return of funds. It seems unusual that the Department expects CIETC to return funds for excessive salaries and has yet to announce how it plans to address the recovery of funds granted in the form of retention bonuses, special pay, or unapproved overtime for agency employees. (Among those are members of the laborshed team.)

On October 10, 2006 Jeff Nall, in an e-mail to all employees, stated "Concerns have arisen recently about the proper use of IWD's Internet and Email policies. I am attaching these policies for your reference. Please review them to be sure that you understand and follow them". (See Nall Attachment) What prompted the e-mail is not specific, but definitely reinforces the position stated about hostility within e-mails.

**Efforts to address concerns internally:**

Please refer to the letter sent to all members of the oversight committee and others by 10 employees of the labor market information unit on June 19, 2006. It was sent by surface mail. The letter was also hand delivered to Interim Director David Neil on the same date. On June 23, 2006 some of the signers of the letter discussed the contents with the Interim Director. Concern was expressed that Paula Nissen's relationship with the Interim Director and Deputy Director was influencing the decision on who should supervise the staff of the Labor Market Information Bureau. The meeting with employees closed with Director Neil stating that he had no intention of removing the Bureau Chief of Labor Market Information.

After this letter reached the committee, one of the signers was contact by telephone by Representative Roger Thomas, a member of the oversight committee. To paraphrase the contacted employee's words, Representative Thomas was trying to dissuade the employees from pursuing resolution of the issue described.

As late as April 2006, Representative Thomas was a contract employee of Iowa Workforce Development. The contract is or was with Merit Resources. Efforts to learn the amount of the contract failed. The work would be characterized as "marketing". According to Representative Thomas' website quote; "In recent years, Roger was a Project Director for Country Heritage Community and now works part time for Iowa Workforce Development as a business representative". For the record Representative Thomas was added to the Department's e-mail system on March 14, 2001 and was still a member on 6/30/2006.

Representative Thomas had previously performed work in the area of employment and training when he was a youth advisor for JTPA. The address of his website is <http://www.peopleforrogerthomas.com>. The website biography documents his employment history. The appropriateness of Representative Thomas to oversee a Department that he is employed with, by contract, appears to be a conflict of interest.

**Events related to the "Reorganization" and violation of Administrative Rules**

Beginning in late August 2006 the Interim Director and Deputy Director began a number of personnel moves. On or about August 24, 2006 the I.T. Director was demoted, and the vacated position posted for filling. It was around that time that the term "reorganization" was being used by the Director and his Deputy.

In September of 2006 the Director and his Deputy Director announced another step in their reorganization. A meeting was called for the Research & Information Division staff. Mr. Nall announced the reorganization of the Division. Staff were informed that the Bureau Chief of Labor Market Information and the Actuarial Unit were being moved to a different Division. Both Bureau Chief positions (Labor Market Information and Employment Statistics) were then to be reclassified to a lower classification. It forced the current Bureau Chief of Employment Statistics to apply for her demoted position once the two positions were opened for bid. The employees took the Director to tasks over this action and stood up for what they felt was injustice.

It was clear at this point that efforts were under way to appoint favorites (members of the laborshed) into positions before a new administration would take office. At whose command this is being done is unclear. To react to what was going on, some employees hastily put up a website where word could get out about what is going on and be a place where other employees could provide examples of favoritism. Website; <http://www.iwdforum.org/>.

Since the posting of the independent evaluation article on the website, the Director has reversed course because of the administrative rules section of the Article. On Tuesday, 10/24/2006, the Interim Director announced a new plan for the Research and Information Services Division. Almost all of the Division is being moved to the Workforce Development Center Administration Division. Bureau Chief Paulette Day; originally to be demoted, would now be the Bureau Chief of the "Bureau of Workforce Data and Business Development Bureau" and hold the title of the Labor

Market Information Director. Obviously, this new bureau isn't among those listed in the Administrative rules. Executive Officer II; Paula Nissan, will assist her according to the organization chart.

Ms. Nissan is one of the favorites of the past and present administration; see executive summary recommendations. The change in direction indicates that the Administration intended to move Ms. Nissan into one of vacated bureau chief positions under the original plan. The more recent move appears to be an effort to place a surrogate bureau chief into that role, and have the executive officer position actually be in charge.

Dave Neil was the Labor Commissioner prior to his appointment as interim director. Directly under Labor Commissioner Dave Neil was an Executive Officer II, Jens Nissen. Paula Nissan is the spouse of Jens Nissen.

Ms. Nissan's position was upgraded to an Executive Officer II level because of friendship with Jane Barto. She received bonuses for her work. Read the executive summary. The majority of the professionals in the Research and Information Services Division have, at minimum, a bachelor's degree and at least four have a master's degree. It seems unusual that individuals with advanced education and statistical training can be supervised by individuals with no degree or formal statistical training.

What is motivating the personnel actions under the guise of reorganization? Below is an e-mail from the Department of Management.

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From: Eisenhower, Cynthia [IGOV]  
Sent: Monday, August 21, 2006 3:32 PM  
To: IA Dept Directors - Executive Branch; IA Dept Directors Assistants  
Cc: IGOV Management Team; IDOM All Staff; IGOV Policy  
Subject:  
DATE: August 21, 2006  
TO: Department Directors  
FR: Cynthia Eisenhower  
I am writing as a follow-up to the recent Directors' conference call regarding the filling of positions in state government and the initiation of special pay actions. Some of you asked for more specific guidance. It is important that each department review their internal processes regarding both of these activities to assure that only our most critical needs are met. Please apply stringent criteria when making decisions to fill positions or initiate any special pay actions. We want to make sure that our limited resources are used to serve and protect the public in the most direct manner possible. We also want to make sure our budgets are in good shape for a new governor and that the size and price of state government remains low. Below, I have outlined steps that you should follow in making these decisions.

Filling positions

1. You should limit the positions you fill to those positions required to protect the health and safety of Iowans. I know there are always compelling reasons why an exception should be made, so just bring these to the attention of your IGOV liaison for IGOV approval.
2. We strongly urge that you personally review each vacancy and approve the ones that are submitted to DAS-HRE for posting.
3. DAS-HRE will also review the vacancies that departments request to post. We will contact your department if we have concerns about filling the position.
4. Attached to this memo, we have included a list of all your current postings. Please review each of these. If you decide not to fill any of these, please contact your DAS-HRE personnel officer and they will remove the posting from the state's website.

Special Pay

It is important that all special pay actions are appropriate. If you have any questions about how or when these are appropriate, please visit with your DAS-HRE personnel officer. Department directors should also be reviewing each of these before they are submitted to DAS-HRE. Please use the most cost effective special pay action available to you in the few cases where special pay is essential in meeting your organizational objective. Remember that the public is entitled to all hiring and pay justifications. The Governor's Office has asked DAS-HRE to review these actions carefully. Those deemed questionable will be referred to the Department of Management for review and final disposition.

Classification Studies

Please do not initiate any major classification studies. It is important that we allow major classification decisions to be resolved during the context of the collective bargaining process, which begins in November of this year and must conclude by March 15, 2007.

I appreciate your cooperation on these issues, and I am confident that we can successfully monitor and control our hiring and pay decisions, while maintaining critical services. If you have any questions, please contact Mollie Anderson, Nancy Berggren, or your DAS-HRE personnel officer.

Cindy  
Cynthia Eisenhower  
Chief of Staff  
Office of Governor Thomas J. Vilsack and Lt. Governor Sally J. Pederson  
1007 E. Grand  
Des Moines, Iowa 50319  
515/281-0159  
515/281-0217 (Fax)  
See what your state government is accomplishing at [www.ResultsIowa.org](http://www.ResultsIowa.org).

From the information in the e-mail from Cynthia Eisenhower, it is pretty clear that hiring and promotions should be limited to those affecting public health and safety. In the article about what has and is happening at IWD, her memo is being ignored by David Neil and Jeff Nall. The nature of events regarding the hiring of bureau chiefs for information technology, a communications bureau, and the announced plan for the research and information services division is not justified, according to the e-mail.

#### Conclusion:

On March 31, 2006 the state auditor's report on CIETC and IWD was released. It made headlines because of the greed and corruption of a few. Lost among the many stories were the efforts of employees to warn individuals in the executive branch of government about serious problems in the Department. In June of 2006, ten brave employees went to the legislative oversight committee and directly to the Interim IWD Director about the favorable treatment given to an employee. Since then, the appointment of Kerry Koonce as communications bureau chief occurred; friend of Jane Barto. A "reorganization" is being used to assist a favored employee. Iowa wants to attract and keep professional and skilled workers, but state government employment is increasingly becoming a spoils system. What kind of message does this send?

The following was lifted from a research article on whistleblowing. It is attributed to Deena Weinstein, "Bureaucratic Opposition: The Challenge to Authoritarian Abuses at the Workplace." *Canadian Journal of Political and Social Theory*. Bureaucracies are political as well as administrative structures, because their operation normally, though not exclusively, involves power, conflict and domination. Bureaucracies cannot be solely administrative because not all goals are shared and hence the exercise of power is required for action. ***In addition, managers are not always "rational" with respect to achieving publicly-stated organizational goals; each has his or her own agenda.*** In a typical bureaucracy, control is exercised by elites through a hierarchy, with little or no popular participation in organizational governance.

The remark describes the conditions at Iowa Workforce Development. It is a contest of will between those wanting a workplace free of the nonsense of the present and past, and those wanting to impose their will on those in opposition to favoritism, nepotism, and racism. Ultimately someone has to decide whether the code of Iowa and its administrative rules takes precedents over the private agenda of an elite few. The principles behind a republic form of government should not be ignored for the benefit of the elite.

## Attachment – Executive Summary

### Executive Summary

#### Investigation Related To Improprieties Concerning CIETC

#### Section 2: Recommendations

April 2006

1. Procedures for Monitoring, Findings and Appeals: Update and formalize the monitoring procedures. In reviewing the appeal process with Dietsch, the procedures are out of date and some of the positions on the appeal committee no longer exist.
2. Establish frequent and regular staff meetings with staff: Fett did not hold staff meetings with his financial unit. Staff meetings are a good way to get to know your staff, learn about issues, and address inconsistencies. In this investigation, it became apparent that employees were more comfortable taking concerns to Dietsch than Fett. Concerns about procedures were often ignored or not addressed, leading to employees airing complaints outside of the department.
3. Establish procedures for the P-5 process: The process for justification of the filling of positions needs to be reduced to writing and closely monitored. The process needs to be transparent to reduce the complaints and speculations of favoritism and inconsistency. Lack of cooperation and distrust between the Human Resources and financial staff is apparent, even though they are part of the same division. Human Resources and financial staff need to work through their division administrator and not around him or her. In turn, the Division Administrator needs to develop a rapport with staff persons and lead the teams, and address issues when they are raised.
4. Navigator, New Iowan, and Tax Redesign Positions: These employees perform work for IWD and report to IWD supervisors and should not be on the CIETC payroll. Position Description Questionnaires (PDQs) need to be completed so that the positions can be appropriately classified and placed on the State payroll.
5. Merit Resources: The use of Merit Resources for staffing needs to be closely scrutinized. In less than routine circumstances where additional staff is needed for a finite amount of time, Merit Resources is a valuable resource. In situations where staff is needed quickly, temporary unauthorized positions can be established on the payroll, giving the department time to work through the hiring process. IWD should work with DAS-HRE to develop criteria to use to determine the appropriate use of Merit Resources. A review of all current Merit Resources positions should be conducted, to determine if State positions are more appropriate for the positions.
6. Computer Access and Revocation Procedures: IWD has a procedure for granting access and for revoking system privileges. The procedures do not appear to be cumbersome to the point that there would be circumstances that would require revocation without completion of the documentation.
7. Pay Increases: A quick review of a few personnel files revealed that IWD is granting pay increases to non-contract covered employees with no evaluations having been completed. This is not in accordance with State policy. This practice needs to be discontinued. A more thorough review should be performed to determine the extent of the issue.
8. Payroll Approval: We found an instance where an employee was allowed to approve timesheets in HRIS, including her own time sheet, by logging in as the Deputy Director. IWD should review appropriate payroll procedures with managers and supervisors and review that authorized approvers are following procedures.
9. Rieck Classification: The PDQ for Rieck is out of date. A new PDQ needs to be completed and submitted to DAS-HRE for appropriate classification.
10. Terry Augustus: IWD has an employee that is classified as a Public Service Executive 2 who does not supervise employees. He is also receiving extraordinary duty pay and he does not have a current PDQ, defined job duties, and is domiciled in his home. During the investigation, this was mentioned as an example of favoritism, and that was confirmed by Dietsch and Mallory. IWD needs to assign appropriate duties, submit a PDQ for appropriate classification, assign the employee a work location, and remove the special pay.
11. Retention Bonuses: There were two recent instances identified where employees who had no other job offer and no intention of leaving were given retention bonuses. The employees are Mike Wilkinson and Paula Nissen. Wilkinson received \$5000, and Nissen received \$10,510.40. More internal controls need to be developed within IWD to insure these types of actions do not occur.
12. Special Pay: Belding, Nissen, Gannon, and Augustus have all received multiple special pay actions as identified in the Summary of Findings. In the cases of Wicks and Augustus, special pay had been denied on at least one occasion for each as the pay was not warranted; then following the reassignment of a new Personnel Officer, the special pay actions were resumed. DAS-HRE reviews, not approves, these actions. More internal controls need to be developed within IWD to insure these types of actions do not continue. The Special Pay actions that are currently in effect should be carefully reviewed to determine if the actions are justified and well documented.
13. IWD Human Resources staff: The role of the IWD human resources professionals and their relationship to DAS-HRE regarding the handling of personnel issues and practices needs to be examined.
14. Jack Mustapha: In the fall of 2003, Mustapha conducted an internal review that showed that an employee was making inappropriate and undocumented payments to entities and clients. Mustapha is under the impression that no action was ever taken as a result of his review. IWD should close that loop and let Mustapha know that his concerns were reviewed as a part of this investigation and that appropriate corrective action was taken at the time of his review. He can be told that because the actions taken are confidential personnel matters, the corrective action can not be shared, but he should be reassured that his investigation did lead to a conclusion.
15. Cliff Fairchild: An investigative interview was held with Fairchild as initially it was not known whether Fairchild engaged in misconduct. While there was no finding of misconduct, Fairchild clearly had a unique relationship with the Deputy Director that allowed him to work outside of the guidance of his supervisor. Fairchild should be instructed that as a result of the investigation, no disciplinary action should be taken. He should be reminded that he is expected to report through the internal chain of command not only to safeguard the system, but to protect him from getting pulled into these types of situations.
16. Laurie Rieck: The investigation of Rieck could not be completed as the administrative investigators are not being

allowed access to the documents that were thrown away by Rieck. There was no finding that Rieck acted under the direction of Barto or Running in an attempt to destroy evidence in the administrative investigation. The original idea to pack up the personal items belonging to Barto and Running was not Rieck's; it was Koonce's decision. Koonce and Macy assisted her in moving the boxes, and knew that she would be reviewing the contents prior to disposing of old records. Mallory was told the same thing by Rieck, including of the need to have assistance shredding documents with personal information. In addition to Rieck, Mallory and Macy have culpability in the events that occurred, but Koonce has primary culpability. Koonce made the decision to remove items from the office. For whatever reason, she chose not to seek Neil's authorization before proceeding. Additionally, Koonce was the highest ranking official in the office on April 5, 2006. In reviewing the work rules, there isn't a work rule on destruction or inappropriate disposal of state property-only larceny or attempted larceny. Without the criminal investigation complete, no discipline is recommended at this time. IWD has two alternatives: 1) Continue Rieck on Suspension with Pay pending the completion of the criminal investigation 2) Return her to work pending the outcome of the criminal investigation. Rieck's return to work at this point, however, could result in negative public opinion. Additionally, the legislature had not completed their oversight hearings, including the hearing with Rieck, nor have they finalized IWD's fiscal year 2007 budget and reinstatement at this time could further disrupt these activities.

17. Anthony Dietsch: There was no finding of misconduct on the part of Dietsch. When Dietsch received information regarding the salary and bonuses of CIETC executives in November 2005, Dietsch immediately notified Barto and Fett. Dietsch was cooperative and forthcoming in the investigative interviews.

18. Erv Fett: Fett was not forthcoming in his interviews, could not recall much information, gave inconsistent answers, and in some instances his statements were contradicted by one or more individuals. Fett did not have an understanding of processes in his division and it was not apparent that he had developed open communications with the persons he managed. The one consistent statement throughout this investigation was that Fett is a really nice guy. There were, however, no accolades on his management ability or style. IWD management needs to give serious consideration to whether Fett can continue employment with the department.

19. Other participants in the investigation: At the conclusion of the investigation, it is recommended that the interim director send a letter to participants thanking them for their cooperation in the investigation and their willingness to assist IWD in moving forward.



**IAC 5/19/99 Workforce Development [871] Ch 1, p.1**

**CHAPTER 1**

**ADMINISTRATION**

**IAC 5/19/99**

871 1.1(84A) Mission and overall organization.

1.1(1) Mission. The department of workforce development will commit its resources to Iowa's prosperity by working to ensure the income security, productivity, safety and health of Iowans.

1.1(2) Vision. The department of workforce development will strive to provide safe workplaces, provide a productive and economically secure workforce, provide all Iowans with access to workforce development services and become a model workplace.

1.1(3) Overall organization. The chief executive officer of the department is the director of the department of workforce development who shall be appointed by the governor with the approval of two-thirds of the members of the senate and is responsible directly to the governor. The director shall serve as the secretary to the Iowa workforce development board.

1.1(4) Operation and administration. For ease of operation and administration of responsibilities assigned to it, the director has organized the department into six divisions which are further divided into bureaus, sections and units. The director has general supervision over the administration and operation of the department. The director shall prepare, administer, and control the budget of the department and its divisions and shall approve employment of all personnel of the department and its divisions. The director can set aside any portion of funds appropriated to the department for allocation to Innovation Zones as long as the set-aside is consistent with state and federal laws.

1.1(5) **Division of customer and administrative services.** The division is under the direction of a division administrator who reports to the director and is responsible for administrative support. A specific description of the division is contained in 871 Chapter 2.

1.1(6) **Division of workers' compensation.** The division is the office of the industrial commissioner with the functions to administer, inform, regulate, and enforce the workers' compensation, occupational disease and occupational hearing loss laws as provided in Iowa Code chapters 85, 85A, 85B, 86 and 87. A specific description of the division is contained in 876 Chapter 1.

1.1(7) **Division of labor services.** The division is the office of the labor commissioner with the function to administer, inform, regulate, and enforce the labor laws as provided in Iowa Code chapters 88, 88A, 88B, 89, 89A, 89B, 90A, 91, 91A, 91C, 91D, 91E, 92, 94, and 95, and Iowa Code sections 30.7 and 327F.37. The division consists of four bureaus: occupational health and safety enforcement, occupational safety and health consultation and education, inspections and reporting, and employee protection. A specific description of the division is contained in 875 Chapter 1.

1.1(8) **Division of research and information services.** The division is under the direction of a division administrator who reports to the director. The divisions' functions include planning, researching, analyzing, directing and coordinating labor market information and automated services for the department. A specific description of the division is contained in 871 Chapter 10.

1.1(9) **Division of unemployment insurance services.** The division is under the direction of a division administrator who reports to the director. The division's function is to administer, inform, regulate and enforce the unemployment insurance laws as provided in Iowa Code chapter 96. A specific description of the division is contained in 871 Chapter 21.

1.1(10) **Division of workforce development center administration.** The division is under the direction of a division administrator who reports to the director. The budget and rules relating to workforce development must be approved by the Iowa workforce development board. The division's function is to administer, inform, regulate and enforce workforce development issues and services such as employment, training and placement as provided in Iowa Code chapters 7B, 84A and 96. A specific description of board duties and division responsibilities is contained in 877 Chapters 2 and 3.

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1.1(11) **Office of workforce development policy.** The staff report to the director. The office develops and analyzes policy options, reviews the operations and performance of the workforce development system, coordinates staff support to the Iowa workforce development board and to Iowa's human resource investment council, and prepares strategic plans for workforce development in Iowa. The office coordinates with other state departments, other divisions in the department and partners and stakeholders in other sectors concerning workforce development policy matters.

This rule is intended to implement Iowa Code chapter 84A.

[Filed 2/20/97, Notice 1/15/97 published 3/12/97, effective 4/16/97]

[Filed 4/29/99, Notice 3/24/99 published 5/19/99, effective 6/23/99]

## **IAC 5/19/99 Workforce Development [871] Ch 2, p.1**

### **CHAPTER 2**

### **CUSTOMER AND ADMINISTRATIVE SERVICES DIVISION**

#### **IAC 5/19/99**

871 2.1(84A) Mission and organization.

2.1(1) Mission. The customer and administrative services division serves the department and its customers by satisfying fiscal, employee, office, property and information needs.

2.1(2) Operation and administration.

The customer and administrative services division is under the direction of a division administrator who assists the director by planning, directing, and coordinating activities such as customer services; financial management; business management; budget and reporting; employee services; public relations; and planning and information. For ease of operation and administration of responsibilities assigned to it, the customer and administrative services division has been organized into six bureaus corresponding to the functional responsibilities of the division administrator.

871 2.2(84A) **Customer services bureau.**

2.2(1) Bureau chief. The customer services bureau is under the direction of a bureau chief who reports to the division administrator.

2.2(2) Responsibilities. The customer services bureau is responsible for:

- a. Customer satisfaction measurement tools and resources;
- b. Customer assistance center operation for both internal and external customers;
- c. County labor availability surveys;
- d. Special projects relating to service improvement and customer services;
- e. Coordination of the statewide employers council activity and support for the employers council board of directors;
- f. Development of customer service policy and customer service standards in collaboration with other bureaus within the department; and
- g. Management of the electronic bulletin board (data center).

871 2.3(84A) **Financial management bureau.**

2.3(1) Bureau chief. The financial management bureau is under the direction of a bureau chief who reports to the division administrator.

2.3(2) Responsibilities. The financial management bureau staff are responsible for auditing all claims for expenditure of administrative and program funds; coding the claims for processing of warrants or fund transfers; and preparing accounting entries as required. The bureau also accounts for all unemployment insurance revenues collected for the trust fund and for benefits paid from the fund.

871 2.4(84A) **Business management bureau.**

- 2.4(1) Bureau chief. The bureau of business management is under the direction of a bureau chief who reports to the division administrator.
- 2.4(2) Purchasing unit. The purchasing unit is responsible for purchasing supplies, equipment and services and maintaining a statewide inventory of supplies and equipment.
- 2.4(3) Mail services unit. The mail services unit is responsible for receiving and for internal distribution of incoming mail as well as daily processing of outgoing mail.
- 2.4(4) Printing and collating unit. The printing and collating unit is responsible for in-house printing as required and development and maintenance of forms and forms inventory.
- 2.4(5) Supply and warehousing unit. The supply and warehousing unit is responsible for receiving, storing and issuing supplies throughout the state.
- 2.4(6) Building maintenance. The business management bureau handles the building maintenance for both the 1000 East Grand and 150 Des Moines locations.

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871 2.5(84A) [Special projects, premises, and forms management bureau](#). Rescinded IAB 5/19/99, effective 6/23/99.

871 2.6(84A) [Budget and reporting bureau](#).

2.6(1) Bureau chief. The budget and reporting bureau is under the direction of a bureau chief who reports to the division administrator.

2.6(2) Responsibilities. Staff of the budget and reporting bureau are responsible for:

- a. Developing and analyzing both the state and local departmental budgets;
- b. Collecting and identifying all necessary raw data from the department's divisions for budget preparation;
- c. Preparing budgets in required formats;
- d. Providing actual cost reports to the department's divisions for analysis;
- e. Completing required federal and state reports; and
- f. Managing the processing of the department's contracts for services.

871 2.7(84A) [Employee services bureau](#).

2.7(1) Bureau chief. The employee services bureau is under the direction of a bureau chief who reports to the division administrator.

2.7(2) Responsibilities. The bureau is responsible for:

- a. Providing an equal employment opportunity (EEO) program;
- b. Maintaining a comprehensive department personnel program in accordance with rules and regulations of the Iowa department of personnel (IDOP), federal standards for a merit system, and department policy and regulations;
- c. Maintaining employee records including payroll;
- d. Interpreting and informing employees of personnel rules, regulations, procedures, and fringe benefits;
- e. Maintaining a day-to-day working relationship with IDOP and cooperating with IDOP in test development for examinations, validation of department position classifications, and development of new job classifications and job specifications;
- f. Providing in-service and out-service training and related training programs, developing training materials, giving training and cooperating in development and giving of training to department employees;
- g. Providing out-service training including individual courses at local colleges and universities, especially developed short courses for specialists and management; and
- h. Loaning audio-visual equipment and keeping it in repair.
- i. Coordination of facility management for administrative and field offices.
- j. Providing recommendations on and coordinating the development and distribution of internal administrative policies and procedures.
- k. Coordination of communication systems for administrative and field offices.

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2.7(3) **Equal employment opportunity program.** The equal employment opportunity (EEO) officer is under the supervision of the chief of the bureau of employee services. Individuals may file complaints on EEO matters at the Iowa Workforce Development Administrative Office, 1000 East Grand Avenue, Des Moines, Iowa 50319, attention: EEO Officer. If the department is involved in charges or allegations in the EEO area, the EEO officer is responsible for pursuing reconciliation or resolution. When necessary, the issues will be referred to the appropriate agencies, federal or state, for action. The EEO officer provides written and verbal guidance on EEO matters to the director, division administrators, and bureau chiefs. This guidance includes providing guidelines necessary to keep the department in compliance with federal and state law as well as United States Department of Labor regulations. The EEO officer is the official liaison with civil rights agencies and human service organizations. A department employee filing a grievance may elect, in matters involving EEO, to confer directly with the EEO officer who may make recommendations deemed appropriate. The EEO officer is responsible for developing and giving training along with other bureau employees on civil rights and EEO and is also responsible for monitoring the same.

871 2.8(84A) **Planning and information services.**

2.8(1) Planning and information services staff is responsible for:

1. Serving as the department's liaison with Congress and the Iowa general assembly;
2. Reviewing legislation affecting the department;
3. Developing, presenting, and securing enactment of the department's legislative package;
4. Providing constituent services to Congress and the Iowa general assembly.

2.8(2) **Public relations and marketing bureau.** The public relations and marketing bureau is under the direction of a bureau chief who reports to the division administrator. The public relations and marketing bureau is a resource to help other parts of the department communicate to various audiences.

The bureau is responsible for:

1. Coordinating the department's internal and external communication efforts. Functions include providing support in audience and message definition, writing and graphic support, coordinating projects with outside printers and other communication vendors, and serving as a primary media contact.
2. Identifying and managing the department's marketing efforts including selecting and working with outside vendors such as advertising agencies and communication professionals to develop and place advertisements in various media to reach important customers and stakeholders.

These rules are intended to implement Iowa Code chapter 84A.

[Filed 2/20/97, Notice 1/15/97 published 3/12/97, effective 4/16/97]

[Filed 4/29/99, Notice 3/24/99 published 5/19/99, effective 6/23/99]

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## **CHAPTER 10**

### **RESEARCH AND INFORMATION SERVICES DIVISION**

**IAC 3/12/97**

871 10.1(84A) Mission and organization. 10.1(1) Mission. The research and information services division conducts research, develops labor market information, and provides information services in support of the department of workforce development mission.

10.1(2) Operation and administration. The division is under the direction of a division administrator who reports to the director. The division functions include planning, researching, analyzing, directing, and coordinating labor market information and automated services for the department. The division administrator directs actuarial research, applications/programming, employment statistics, occupational information coordination, labor market information, and project planning and development.

871 10.2(84A) [Actuarial research bureau](#). The bureau is under the direction of the division administrator and is responsible for research and reporting functions of the unemployment compensation program in Iowa. The bureau is responsible for:

1. Calculating the financial impact of proposed changes to Iowa's unemployment compensation system with regard to the unemployment compensation fund, employer tax rates, and claimant benefits;
2. Monitoring the unemployment compensation fund solvency and writing legislative proposals recommending revisions to the tax and benefits sections in Iowa Code chapter 96;
3. Producing required and special reports analyzing and reporting the unemployment compensation system workload activities, employer compensation payments, and claimant benefit payments.
4. Calculating the contribution rate tables for private employers and the base rate for nonprofit and government employers.

871 10.3(84A) [Applications/programming bureau](#). The bureau is under the direction of a chief who assists the division administrator in planning, directing and coordinating the development of computer programs and operating systems necessary to meet the needs of the department. The bureau is responsible for:

1. Developing new computer application systems/programs that are mandated by federal or state law or are required to support the department's mission. These systems/programs are developed in consultation with the requesting division.
2. Changing or modifying existing systems/programs to meet the changing needs or mandated requirements of federal or state law.

871 10.4(84A) [Employment statistics bureau](#). The bureau is under the direction of a chief who assists the division administrator in planning, directing and coordinating the production of employment data for Iowa and the counties. The bureau is responsible for:

1. Collecting, analyzing and summarizing data and producing monthly employment and hours and earnings estimates for Iowa, metropolitan statistical areas (MSAs) in Iowa, and counties in Iowa;
2. Collecting, analyzing and summarizing employment and wage data from Iowa employers subject to the unemployment insurance law to produce statewide and county data by industrial groups;
3. Producing information with regard to large long-term and permanent layoffs in Iowa.

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871 10.5(84A) [Iowa state occupational information coordinating committee bureau \(ISOICC\)](#).

The bureau is under the direction of a chief who is the executive director of ISOICC and assists the division administrator in meeting the occupational and career information needs of developers and users through coordination and communication. The bureau is responsible for:

1. Providing occupational and training information to planners of vocational and other training programs.
2. Paying special attention to the career development and labor market information needs of youth and adults by managing the administration of the state's career information delivery system, Iowa Choices.
3. Providing training in the uses of occupational and labor market information to school counselors, teachers and labor market intermediaries.
4. Contributing to the improvement in the quality and dissemination of information through joint projects with and among ISOICC's member agencies.
5. Providing technical assistance to other states, federal agencies and private sector information developers on the use of occupational classification systems and related data.

871 10.6(84A) [Labor market information bureau](#). The bureau is under the direction of a chief who assists the division administrator in planning, directing and coordinating the production of labor market information. The bureau is responsible for:

1. Collecting, preparing, analyzing and distributing labor force, unemployment, unemployment rate and total employment information for the state, metropolitan statistical areas, counties and selected cities in Iowa;
2. Collecting, preparing, analyzing and distributing occupational employment and occupational wage information for the state, metropolitan statistical areas and the balance of state;



3. Preparing, analyzing and distributing projected industry and occupational employment information for the state and service delivery areas;
4. Preparing and issuing Prevailing Wage Determinations for Alien Labor Certification;
5. Preparing and distributing economic analyses of the Iowa labor market in hard copy and electronic formats and by in-person presentations.

871 10.7(84A) [Planning and development bureau](#). The bureau assists the division administrator in planning, directing and coordinating division projects. Responsibilities include:

1. Developing and using labor market information;
2. Developing and using information technology for better delivery of workforce development services.

871 10.8(84A) [Information management bureau](#). The bureau is under the direction of a chief who assists the division administrator in planning, developing, directing, and coordinating the department's plan with automation technology.

These rules are intended to implement Iowa Code chapter 84A.

[Filed 2/20/97, Notice 1/15/97 published 3/12/97, effective 4/16/97]

## **IAC 2/10/99 Workforce Development [871] Ch 21, p.1**

### **CHAPTER 21**

### **UNEMPLOYMENT INSURANCE SERVICES DIVISION**

#### **IAC 2/10/99**

871 21.1(96) Unemployment insurance services division.

21.1(1) The primary responsibility of this division is to administer the provisions of the Iowa employment security law and related federal programs in accordance with pertinent laws, regulations, and policies. Attorneys who report to the administrator of the unemployment insurance services division perform the legal services for the division pursuant to Iowa Code section 96.17 which empowers the division to employ attorneys to represent it and give advice on all matters coming before it in conjunction with the administration of Iowa Code chapter 96. The division administers the payment of job insurance benefits to eligible individuals, determines which employers are subject to the state and federal laws enacted in this area, supervises the collection of taxes from these employers, and oversees a program to control the quality of benefit payment and revenue collection. These functions are performed by the following bureaus:

a. [Claims case bureau](#). The claims case bureau determines the eligibility of individuals claiming unemployment insurance. In addition to the Iowa unemployment insurance benefits, the bureau also processes unemployment insurance for Federal Employees Compensation Act (FECA), Unemployment Insurance for Ex-service Members (UCX), claims for Trade Readjustment Act and Expansion Act (TRA and TEA), Voluntary Shared Work (VSW), and Disaster Unemployment Assistance (DUA). It is also responsible for payments of other special federal unemployment insurance benefits as agreed to by the United States Department of Labor and the state of Iowa.

(1) Claims resolution and consultation section. The claims resolution and consultation section is responsible for screening all employer protests and issuing special investigation reports to the local workforce development centers. This section investigates all labor dispute protests and issues appropriate decisions.

This section determines individuals' eligibility on disputed claims for unemployment insurance benefits which are not adjudicated at the local office level. This section reviews decisions that determine which employers will receive charges on claims for unemployment insurance benefits and investigates claims for missing wages. The section also responds to communications involving technical matters related to unemployment insurance and corrects necessary records and database due to subsequent appeal decisions which reverse the prior decision issued on a claim.

(2) Special claims section. The special claims section is responsible for processing claims for FECA, UCX, TRA, VSW, DUA, and any other federal unemployment insurance programs. This section determines eligibility, computes and authorizes payments due, maintains needed records, and makes adjustments or redeterminations as applicable. This section is also responsible for processing initial interstate claims, assisting claimants in calling in their continued claims for payment, notifying employer of claim filing, processing overpayments and underpayments,

b. **Benefit control bureau.** The benefit control bureau is responsible for overseeing the determination of eligibility for individuals claiming unemployment insurance benefits, processing and adjusting benefit payments, document control, and division support. The functions are performed by two sections.

(1) Information control section. The information control section is responsible for the control and conversion of all paper documents compiled during the normal course of business for unemployment insurance claims and taxes. The section converts paper documents to imaged objects or microfilm copies. The section assigns document control information to each paper document which provides automated electronic workflow routing, document retention criteria, document locating information, and computer updates. The section is also responsible for the retrieval of micrographic documents for internal and external customers. The section prepares documents and computer records for release to the public under subpoena or waiver provisions and collects record processing fees. The section is responsible for the child support intercept program in which unemployment insurance benefits are withheld and paid to the child support recovery unit. The section is responsible for the voluntary income tax withholding program in which state and federal taxes are withheld from unemployment insurance benefits. The section is responsible for reporting tax withholdings and taxable unemployment insurance benefits to the Internal Revenue Service, Iowa department of revenue and finance, and claimants.

(2) Payment control section. The payment control section is responsible for determining eligibility of individuals for unemployment insurance benefits. The section performs fact-finding interviews with claimants and employers to resolve issues discovered by recording the responses the claimant provides to questions asked in the weekly continued claim certification process. The section allows or denies benefits based on Iowa employment security law and Iowa administrative rules and issues a determination. The section computes and issues overpayment determinations and underpayment supplemental benefit payments due to misreported earnings or eligibility disqualifications. The section is responsible for all overpayment billing activity which results in an overpayment setup or refund, overpayment decision letter, or overpayment billing notice. The section is responsible for overpayment recovery programs which include withholding of Iowa income tax refunds, Iowa lottery prizes, Iowa vendor payments, and the Interstate Reciprocal Overpayment Recovery Arrangement. The section is responsible for the issuance of duplicate benefit payments for lost, stolen, outdated, or returned payments. The section authorizes and issues replacement warrants or direct deposit transactions. The section verifies financial institution corrections of direct deposit routing and account numbers and updates the database records.

c. **Tax bureau.** The tax bureau is responsible for the maintenance and control of all records of unemployment insurance tax paid by liable employers in the state of Iowa. Taxes collected are deposited in a fund to be subsequently used for benefit payments. This section maintains financial records on employers; assigns rates each year to employers; makes all necessary adjustments to ensure proper charging to employers of benefits chargeable to them; maintains records of employer overpayments and refunds; and maintains the necessary contacts with employers' accountants, attorneys, and the general public to ensure the proper and timely submission of all the required reports to the division of unemployment insurance.

The collection section is responsible for the collection of delinquent tax contributions, benefit reimbursements, and unpaid interest and penalty assessments from all Iowa employers who file job insurance reports. Staff instigates routine legal actions such as the filing of liens, garnishments, and bankruptcies. Employers are contacted by mail, telephone, or personally to initiate the collection process. The deposition section thoroughly reviews contribution reports against payroll reports for matching totals and verifies the amount of the check against the employer's report. The section is responsible for depositing all money received for contribution reports, benefit reimbursements, and interest and penalties with the state treasurer's office. The information on the contribution reports is keypunched and the proof sheets are checked to see that they have been correctly punched.

The adjustment/chargeback section assigns contribution rates to employers, handles the accounting work on partial changes of ownership, adjusts the amounts owed by employers, and audits the taxable wages reported by the employer in accordance with state and federal requirements. The chargeback unit removes erroneous charges when employers are charged in

error. This unit is also responsible for corrections on employee charge notices which could affect employee contribution tax rates.

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d. **Field audit bureaus.** These bureaus are responsible to contact Iowa and out-of-state employers who do business in Iowa to establish taxpayers' liability under the law; explain the law's provisions; secure information and make determinations pertaining to new accounts, successorships and terminating tax liability; collect delinquent contributions; give information and assistance to ensure compliance in the preparation of tax reports and in securing refunds of overpaid taxes; conduct investigations on FUTA discrepancy problems, contractor registration issues, business closings, and claimant requests for omitted wage credits; determine employer/employee and independent contractor relationship issues; assist in fraud investigations; conduct payroll and financial audits; and appear as an expert witness at employer liability hearings. The bureaus also provide services to other states who request assistance in their unemployment insurance enforcement with Iowa-based employers who conduct business in their states. The bureaus also assign all field audit work. Information is entered into the automated system which generates materials to be utilized by the field audit staff in conducting an employer inquiry and audit.

e. **Investigation and recovery bureau.** The investigation and recovery bureau is responsible for aggressive action to prevent, detect, investigate and penalize fraudulent actions on the part of employing units and individuals claiming unemployment insurance benefits. The bureau also recovers overpayments and files liens and garnishments to assist with recovery of overpayments. The bureau verifies that aliens are entitled to unemployment insurance and investigates and disqualifies those that are not eligible. The bureau conducts the fictitious employer detection program to discover employers set up for the purpose of fraudulent activities. The bureau also prosecutes violations of the Iowa employment security law including fraudulent receipt of unemployment insurance benefits in conjunction with each county attorney in Iowa. The bureau also investigates and determines whether an unemployment insurance warrant has been forged and whether it should be reissued.

f. **Quality control bureau.** The quality control bureau is responsible for the collection and analysis of data pertaining to both the accuracy of payments as well as the effectiveness of revenue collection processes for the unemployment insurance program. Quality control reports directly to the division administrator as it works to support the development and execution of corrective action plans for the improvement of the program. In addition, quality control is responsible for validation of the unemployment insurance data reports, identification and analysis of risk factors which could threaten the unemployment insurance program, and maintenance of the data processing capabilities to store and transmit various agency-required reports to the federal government.

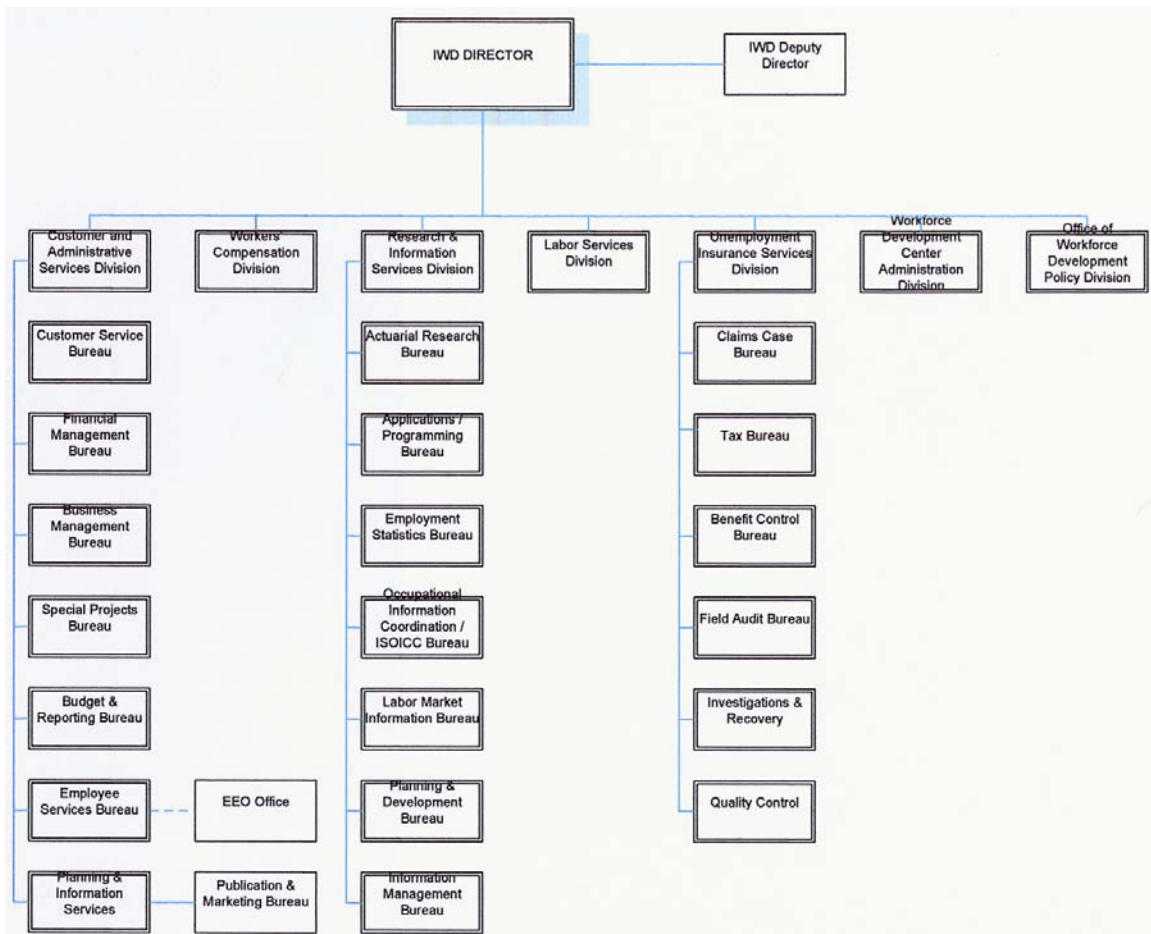
21.1(2) Reserved.

This rule is intended to implement Iowa Code chapter 96.

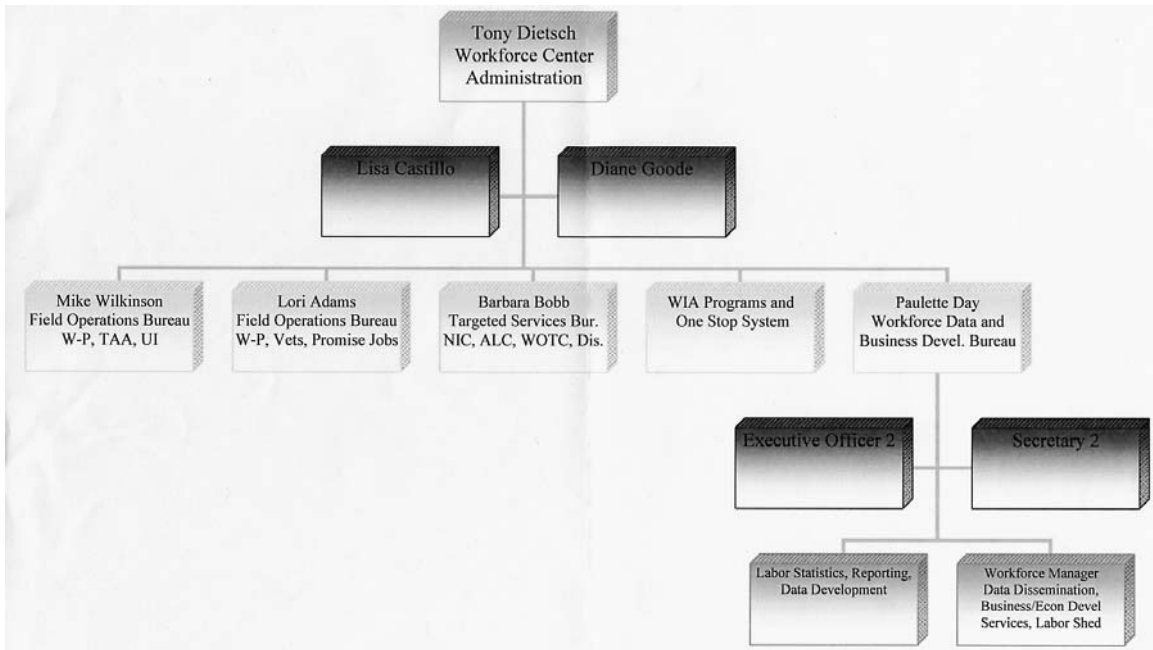
[Filed 1/20/99, Notice 12/16/98—published 2/10/99, effective 3/17/99]



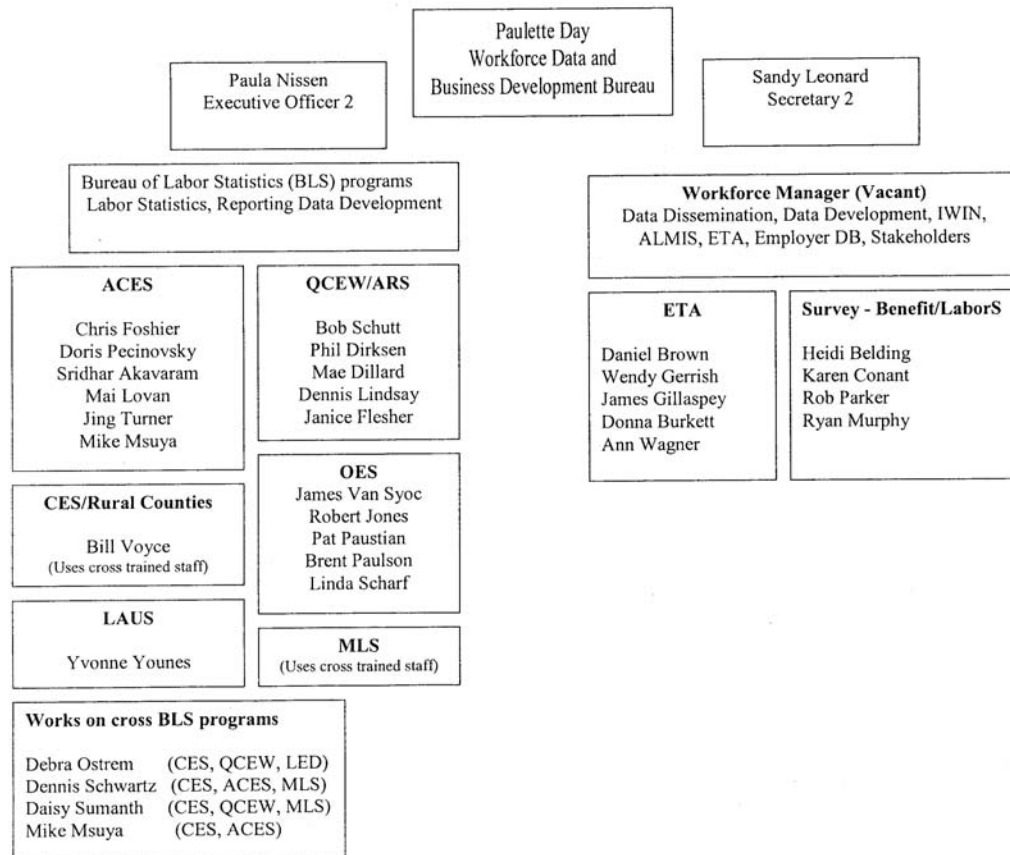
Attachment 1 – Organization Structure according to Current Administrative Rule



Attachment 2 - Organization Chart recently provided for Workforce Center Administration



Attachment 3 – Organization Chart provided on 10-24-2006 moving Bureau's from Research and Information Division to Workforce Development Center Administration.



Null Attachment

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**From:** Nall, Jeff [IWD]  
**Sent:** Monday, October 09, 2006 12:47 PM  
**To:** IWD-Employees and Supervisors  
**Subject:** Reminder - Internet and Email Policies

Concerns have arisen recently about the proper use of IWD's Internet and Email policies. I am attaching these policies for your reference. Please review them to be sure that you understand and follow them.

Thanks.

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An Equal Opportunity Employer/Program  
Auxiliary aids and services are available upon request for individuals with disabilities.

## Koonce Attachment

Investigation Report Summary  
Iowa Workforce Development  
Summary of Interview with Kerry Koonce  
April 13, 2006

Employment Information: Koonce worked at Economic Development from 1996 to 2003 as a Marketing Manager. She left State government for a position with a non-profit as a Marketing Director. In February of 2005, she was hired through Merit Resources to perform marketing work and assist with the Disability Navigator program, and she also worked on other special projects. Koonce interviewed for and was hired as an Executive Officer 2 and her start date was February 10, 2006.

Purpose of Interview: To gain background from Koonce regarding alleged improprieties by CIETC.

Wednesday April 6, 2006: Barto and Koonce had someone in IT do an email search on CIETC. Barto asked for an email search to refute Taylor's version of the time line. She said that Running may have asked the same thing about the server search. Koonce stated that their version of the events did not mesh with Taylor's and that is why the search was going on. Earlier in the day, Barto and Running has testified before the oversight committee. They were scheduled to meet with the Governor at 4:30 p.m. Koonce stated that after the 4:30 p.m. meeting with the Governor, that Running and Barto returned between 5:15 and 5:30 p.m. Koonce was working that evening to put together materials for the oversight committee. She saw Barto first when they returned to the office. Barto said the Governor fired Running. Barto said she was given the option of unpaid leave or to resign. Koonce told Barto if she took the unpaid leave she could do whatever it took to clear this up. Barto tried to call Cindy Eisenhower on her cell, and reached Eisenhower on the second call. Barto told Eisenhower if the option for unpaid leave was still there, she wanted to do that and to clear it up. Eisenhower told Barto it was too far up the chain and that Barto would be resigning. Running came in and had his briefcase in his hand. Koonce told him she was sorry. Koonce insisted that Running and Barto get out of there. Barto took her briefcase or purse or something; no boxes or armloads of files. Koonce was shocked with the news that Running and Barto were out. She had thought the testimony had gone well for Barto and Running and they were cooperating fully with investigating the situation.

There was a news conference scheduled for 5:45 p.m. Koonce made phone calls to the Division Administrators, Mallory, and the attorney to let them know about the 6:00 p.m. news conference. Koonce did not reach Jeff Nall in time; he had already heard it on TV. Mallory had not seen the news yet. Rieck was visibly upset and she talked to her and assured her that things would be okay and she stayed with Rieck. Rieck was worried about Barto's and Running's personal effects and they decided to put them in boxes so that nosy people would not go through them. Koonce then stated she may have recommended they box up personal belongings-she couldn't really remember.

Macy got boxes and offered to help. She said they boxed everything up. Running had personal checks and doctor appointment stuff. They put all the breakable stuff in an office that Macy could lock.

Rieck opened the closet in Barto's office and there were old brown ugly file boxes that Barto had brought from 150 Des Moines Street that should have been gone years ago. Those boxes were moved to Allison Gusta's cubical. Koonce guessed that it was old field operations stuff and one box was old legislative stuff from five years ago. Koonce was there until 7:30 p.m. Macy told her that they left shortly after Koonce. Barto called back with the location of legislative files and told Koonce where everything was at.

In hindsight, Koonce wishes that she would have thought about it more and realized that Rieck might come in and look through the files early. Rieck was so distraught and upset and Koonce felt so bad for her. Koonce said if there was something there, Rieck could have shredded it as there are shredders on that floor. There is a row of copiers and printers and shredders are there, too. There is easy access to shredders and Rieck did not use them. Koonce understands that everything was found whole.

Knowledge of CIETC Issues: Koonce said she knew there was an audit and that Barto was frustrated because she did not have copies of things that went to the Auditor's office. In mid to late December Koonce became aware there were monitoring allocation problems or what might be a problem. A 2004 audit report was mentioned, but Barto did not have a copy. Cunningham had provided Barto a copy of a letter from Swafford that said it was all cleared up. The Auditor's office interviewed Barto and Fett in February or March.

Barto still did not have much information until 24 hours before the report went public. IWD received a copy of the report and a press release before it went public. Koonce drafted a memo to the Board members and forwarded it with the press release. Barto said Koonce would never believe what they found, that the base pay was high but that the bonuses made her sick. The Auditor's report was received by IWD at 4:00 p.m. and it was released to the public at 2:00 p.m. the next day. By 6:00 p.m. on the day IWD received the advance copy, Barto was only half way through the report. It was 145 pages and Barto went through it taking notes and she was as mad as a hornet. The media started hitting as soon as the report was public. Koonce received phone calls from the press even before she got her screen refreshed and the report was published. The Governor's Office had ordered no comment through the weekend. Koonce had wanted to start taking control by doing a press conference on Saturday, and again on Monday Koonce said they needed to do it. At 4 or 5:00 p.m. on Monday, with the Governor's office involved, Koonce issued a statement that they were shocked and dismayed and they would give full cooperation, that new monitoring procedures were being implemented, and that IWD would comply with any DOL directives. On Tuesday, they found out they had to go to the oversight committee. Koonce stated they started going through the IWD side of the story. Koonce was working off the Director and Deputy Director's version of the story. Koonce was asked if she now feels that she was given the whole truth by Barto and Running. After a very long pause and visible discomfort, Koonce stated that she feels the truth lies somewhere in the middle. Koonce was asked that as of today, when she feels that Barto and Running knew the salaries exceeded \$300,000. Koonce stated that after Kelly and Quinn initiated the DOL investigation and before revealing the amount, Barto and Running knew early on about the \$187,000 mark, and not the full scope of the bonus payments. They did not know how high and how ridiculous the amount was, and based on Barto's voice and tone and her statement that "Ramona lied to me," Barto did not know until the end.

Concerns about Koonce's Hiring: Koonce received an email from Quinn on Tuesday and gave a copy to Anderson and Berggren last Thursday. He wrote that on May 1, 2006 he would request the names of those interviewed for the position Koonce holds, so they

could file a class action suit. Koonce said it was her personal opinion that Quinn was angry because his wife applied to work at IWD and was not hired. She did get a position at DHS and had her 6 months in when he retired. Koonce came to work at IWD through Merit Resources in February of 2005. She had been working at a non-profit and had been exploring other opportunities. She had worked with Barto on a DED project and asked her if she had marketing opportunities coming up. Barto called her back about working with Navigator and Communications.

Koonce's first contact with Barto was in November or December of 2004. Koonce had other offers, including one at Wells Fargo. Barto needed to check the Navigator grant. In mid or late January, Barto told Koonce what she wanted to do and asked when Koonce would be available. Koonce started somewhere between the beginning to mid February.

While in the Merit Resources position, Koonce helped out on some things that Diane Goode could not do such as speech writing for Running. She reviewed press releases as IGOV had said the previous releases were bad. Koonce had written those at DED and Matt Paul was still the communications director for IGOV. Koonce sat in on some Legislative committee meetings to take notes regarding what was happening. Koonce was not registered until after February. Koonce knew most of the Legislators from her non-profit work, and she knew the lobbyist rules so she just took notes.

Koonce's Concerns about Taylor: Koonce thinks Taylor tried to set her up. Koonce needed Taylor to explain some things, and his demeanor towards her was stand-offish. In hindsight, she realized that his daughter, Reyna Immerfall, works at 430 E. Grand as a Workforce Advisor. Koonce ran into Immerfall and she had asked Koonce if the job that was posted was hers. Koonce responded that if Immerfall was asking if she was applying for the posted job, the answer is yes. Koonce and Paula Nissen where at 430 E. Grand on another day and were complaining about budgets and the budget analysts. Immerfall got on the elevator. Koonce feels that Immerfall then went back to "daddy" (Taylor) and said that Koonce was saying bad things about him. Quinn stopped Nissen and said he heard they had been talking about Taylor, and said that Taylor just is doing his job and that everyone would get their comeuppance. Another one of Taylor's daughters, Veronica Taylor-Ly, works in the UI call center and Taylor asked Barto to intercede with management on his daughter's behalf.